

## Message Text

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ORIGIN EB-08

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R 152317Z PEB 78  
FM SECSTATE WASHDC  
TO AMEMBASSY BRIDGETOWN  
INFO USMISSION GENEVA  
AMEMBASSY SEOUL

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GENEVA FOR PHELAN, SEOUL FOR TEXTILE DEL.

E.O. 11652:N/A

TAGS: ETRD, BB

SUBJECT:TEXTILES (WORK GLOVES)

1. AT LEAST SINCE 1971, EXPORTS OF COTTON GLOVES  
(PRIMARILY WORK GLOVES) FROM BARBADOS TO THE US HAVE  
REPRESENTED AN APPRECIABLE PORTION OF OUR TOTAL IMPORTS  
OF THIS PRODUCT. DURING 1971-1973, THESE EXPORTS FROM  
BARBADOS WERE SUBJECT TO UNILATERAL RESTRAINT AT LEVEL  
OF 472,682 SYE BY THE US; SINCE THEN, US GENERAL  
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IMPORTS OF COTTON GLOVES FROM BARBADOS HAVE GROWN  
FROM 886,000 SQUARE YARDS EQUIVALENT (SYE) IN 1975 TO  
1.765 MILLION SYE IN 1976 AND 2.279 MILLION SYE FOR 1977,  
MAKING BARBADOS OUR FOURTH LARGEST SUPPLIER OF COTTON  
GLOVES. FOR THE YEAR ENDING NOV. 1977, THE LARGEST  
SUPPLIERS WERE HONG KONG (12.21 MILLION SYE IN US

GENERAL IMPORTS), JAPAN (4.48 MILLION SYE) AND THE PEOPLE'S REPUBLIC OF CHINA ("PRC") (3.58 MILLION SYE); KOREA, THE REPUBLIC OF CHINA AND HAITI EACH EXPORTED COTTON GLOVES AMOUNTING TO ABOUT 325,000 SYE TO THE US DURING THE SAME PERIOD.

2. ALL OF THE SUPPLYING COUNTRIES MENTIONED IN PARA 1, EXCEPT THE PEOPLE'S REPUBLIC OF CHINA AND BARBADOS, HAVE NEGOTIATED BILATERAL TEXTILE RESTRAINT AGREEMENTS WITH THE US, INCLUDING QUANTITATIVE RESTRAINTS ON THEIR EXPORTS OF WORK GLOVES. DURING DECEMBER 1977, THE WORK GLOVE MANUFACTURERS ASSOCIATION (WGMA) FILED A PETITION UNDER SECTION 406 OF THE 1974 TRADE ACT, SEEKING RELIEF FROM IMPORTS OF COTTON WORK GLOVES FROM THE PRC BY MEANS OF A QUOTA. THE ITC'S DECISION ON THIS PETITION IS DUE APPROXIMATELY MID-MARCH.

3. BARBADOS, AS THE ONLY MAJOR SUPPLIER OF COTTON GLOVES NOT SUBJECT TO A NEGOTIATED RESTRAINT OR TO A TRADE ACT PETITION, STANDS OUT VERY CLEARLY IN THE CROWD OF SUPPLIERS OF COTTON GLOVES. BARBADOS' VISIBILITY INCREASES WITH EACH MONTH AS US IMPORT STATISTICS SHOW GENERALLY STEADY GROWTH; FOR EXAMPLE, US IMPORTS FROM BARBADOS FOR YE SEPT. 77 WERE 2.18 MILLION SYE AND FOR YE OCTOBER 77 WERE 2.26 MILLION SYE.

4. OUR IMPORTS OF WORK GLOVES ARE A SENSITIVE ISSUE.  
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IN OUR RESTRAINT AGREEMENT WITH HONG KONG WE OBTAINED A LOWER THAN NORMAL GROWTH RATE FOR THE QUOTA ON COTTON GLOVES IN RECOGNITION OF THIS SENSITIVITY AND THE RELATIVELY HIGH LEVEL OF IMPORTS (28.9 PERCENT OF DOMESTIC PRODUCTION DURING 1976). FYI. THE WGMA'S PETITION TO THE ITC HAS THE ACTIVE SUPPORT OF OTHER SEGMENTS OF THE APPAREL INDUSTRY. END FYI.

5. AN ADDITIONAL FACTOR, WHICH WE BELIEVE MAY BE PARTICULARLY RELEVANT TO BARBADOS, IS THAT THE LABOR MOVEMENT IN THE US IS VERY STRONGLY OPPOSED TO THE CONTINUATION OF THE ECONOMIC ADVANTAGE AVAILABLE TO OFFSHORE APPAREL ASSEMBLY OPERATIONS UNDER TARIFF ITEM 807, WHICH IMPOSES A DUTY ONLY ON THE VALUE ADDED BY ASSEMBLY ABROAD OF APPAREL MADE FROM DOMESTICALLY CUT PARTS. A NUMBER OF BILLS WHICH WOULD HAVE ELIMINATED THIS ADVANTAGE WERE INTRODUCED IN THE LAST CONGRESS; ONE WAS APPROVED BY THE TRADE SUBCOMMITTEE OF THE HOUSE WAYS AND MEANS COMMITTEE. BILLS TO THE SAME EFFECT HAVE BEEN INTRODUCED IN THE PRESENT CONGRESS.

6. AN ITC FINDING THAT IMPORTS OF COTTON WORK GLOVES FROM THE PRC ARE A SIGNIFICANT CAUSE OF MARKET DISRUPTION WOULD CORROBORATE THE VIEW OF DOMESTIC INDUSTRY AND LABOR THAT ACTION ON IMPORTS OF WORK GLOVES FROM BARBADOS IS APPROPRIATE. IT IS NOT POSSIBLE

TO PREDICT THE EXACT FORM IN WHICH SUCH RELIEF WOULD BE SOUGHT; HOWEVER, WE BELIEVE THAT THE USG WOULD HAVE TO CONSIDER A NEGOTIATED QUANTITATIVE RESTRAINT ON BARBADOS' EXPORTS OF THESE GLOVES AND, POSSIBLY, OTHER TEXTILE PRODUCTS. WE ARE UNABLE TO MAKE ANY PREDICTION AS TO THE OUTCOME OF THE ITC INVESTIGATION OF THE WGMA'S PETITION. MOREOVER, EVEN IF THE ITC'S DECISION WERE THAT IMPORTS FROM THE PRC CAUSED MARKET DISRUPTION, WE ARE UNABLE TO PREDICT WHAT REMEDIAL ACTION, IF ANY, WOULD LIMITED OFFICIAL USE

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ULTIMATELY BE ORDERED BY THE PRESIDENT UNDER THE TRADE ACT; THIS DECISION WOULD ALSO AFFECT ANY ACTION WE MIGHT CONSIDER WITH RESPECT TO BARBADOS.

7. IN GENERAL, OUR OPTIONS WOULD BE (A) DO NOTHING, (B) SEEK VOLUNTARY RESTRAINT BY BARBADOS, (C) NEGOTIATE A BILATERAL AGREEMENT OF SOME TYPE, OR (D) UNILATERALLY IMPOSE IMPORT RESTRAINTS UNDER ARTICLE 3 OF THE GATT MULTIFIBER ARRANGEMENT.

8. EMBASSY BRIDGETOWN IS REQUESTED TO MAKE GOB AWARE OF ALL ABOVE CIRCUMSTANCES AT AN APPROPRIATE, POLITICALLY SENSITIVE LEVEL. PLEASE ALSO ASK GOB FOR INFORMATION ABOUT THEIR INTENDED EXPORTS OF COTTON GLOVES. FYI. WE ARE NOT NOW SEEKING RESTRAINTS ON BARBADOS' EXPORTS OF COTTON GLOVES. NOR CAN WE GIVE ANY ASSURANCE THAT VOLUNTARY REDUCTION OR MAINTENANCE OF THE PRESENT LEVEL OF EXPORTS OF COTTON GLOVES WILL ELIMINATE OR EVEN REDUCE THE SENSITIVITY OF IMPORTS OF THIS PRODUCT. HOWEVER, EMBASSY MAY POINT OUT THAT IF IMPORTS FROM A PARTICULAR COUNTRY ARE NOT INCREASING, IT IS MUCH EASIER TO ARGUE THAT FORMAL QUANTITATIVE RESTRAINTS ARE NOT WARRANTED. END FYI.

9. UNDER THE TEXTILE RESTRAINT CATEGORY SYSTEM IN FORCE UP TO DECEMBER 31, 1977, COTTON WORK GLOVES WERE THE PRINCIPAL COMPONENT OF CATEGORY 39; UNDER THE CATEGORY SYSTEM NOW IN FORCE, THEY ARE THE PRINCIPAL COMPONENT OF CATEGORY 331. VANCE

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\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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